



## NCUA Press Release

---

### Credit Unions Share Alternatives to Predatory Lending at PALS Workshop

**January 28, 2004, Dallas, Texas** – More than 200 credit union officials learned about innovative ways to save consumers from paying predatory lenders usurious interest rates, during the latest Partnering and Leadership Successes (PALS) workshop put together by National Credit Union Administration (NCUA) Board Member Debbie Matz.

“Many credit unions are providing their members with needed alternatives to the insidious and pervasive predatory lenders who are taking billions of dollars out of low-income communities,” Matz observed. “By sharing best practices at this workshop, we hope to inspire many more credit unions to offer services that will attract new members and prevent their communities from being victimized by predatory lenders.”

In a luncheon keynote address, NCUA Chairman Dennis Dollar noted that 64.7 million more Americans are eligible to join federal credit unions as a result of his Access Across America initiative. He said “PALS is helping credit unions become aware of successful models for how they can open additional doors” in their efforts to turn potential members into new members.

The workshop’s speakers shared dozens of credit union innovations that have been successful in reaching new members who are most in need of affordable financial services. For instance:

#### Lending innovations:

- Risk-based loans – provide credit to almost everyone at prices based on their own history;
- Payday loan alternatives – small, short-term loans paired with free financial education;
- Affordable mortgages – 0% or 1% down payments with no private mortgage insurance;
- Manufactured home loans – affordable options for first-time homebuyers.

#### Deposit innovations:

- Low-cost check-cashing – let low-income members keep more of their hard-earned cash;
- Individual Development Accounts – match funds as members save for life-changing goals;
- Transitional products – Check-less Checking (stored value cards), Club Accounts, Credit Builder CDs and other products designed to help members break free of dependence on basic transaction services.

Service innovations:

- International remittances – low-cost gateway to life support for families of immigrants;
- Volunteer income tax assistance – helps members receive all refunds they have earned;
- Neighborhood Contact Offices – reach underserved areas through churches, Latino centers, and other community agencies.

In her closing remarks, Matz outlined some of the lessons shared by the presenters in reaching out to underserved populations:

- 1) Seek partnerships;
- 2) Build trust;
- 3) Offer convenient locations;
- 4) Make the lending process fast and easy;
- 5) Learn about the potential members;
- 6) Work with community groups to reach target markets;
- 7) Be flexible;
- 8) Consider adding underserved areas;
- 9) Prepare for hard work;
- 10) Take risks – but manage them.

All of the presentations will be posted next month on the PALS website ([www.ncua.gov](http://www.ncua.gov), click PALS, then click Workshop Presentations). They will also be packaged on a CD that will be available through Matz's office.

In a special guest appearance, U.S. Rep. Pete Sessions (R-Texas) applauded all of the workshop attendees for their dedication to helping people from all walks of life. "Each one of you is part of the American dream and what makes things work," Rep. Sessions told the credit union officials. "If we are going to make this country better, we need more role models like you. You will take anyone who walks in your door and give them a fair opportunity to better their lives."

Monday's PALS workshop was co-hosted by the Texas Credit Union League, Texas Credit Union Foundation, National Association of Federal Credit Unions, and Credit Union National Association.

A 24-year public service veteran, Matz is a member of three credit unions and resides in McLean, Va. with her husband and two children. Before her appointment to the NCUA Board, Matz was appointed by President Clinton as Deputy Assistant Secretary for Administration in the Department of Agriculture.

The National Credit Union Administration, governed by a three-member board appointed by the President and confirmed by the Senate, is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit Union Share Insurance Fund, insuring the savings of more than 80 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

###